

05 March 2015

Local Government Commission  
Department of Internal Affairs Te Tari Taiwhenua  
P O Box 5362  
WELLINGTON 6145  
NEW ZEALAND

**Attention:**     **Sandra Preston**  
                          Chief Executive

Dear Ms Preston

As requested, MWH has reviewed the report entitled '*Survey – Asset Management Activities: Hawkes Bay Region Local Authorities*' in light of the concerns raised in the letter from Napier City Council to the Commission dated 3 March 2015.

- The review has determined that answers to the questionnaires completed by the councils, and information from the councils' 2012-2022 long term plans, 2014/15 Annual Plans and from other documents published by them have been correctly represented in the report;
- The additional information provided by the Napier City Council on 4 March 2015 has been considered;
- The review was conducted within MWH by people other than those associated with preparation of the original report. The review confirmed that a consistent approach and methodology has been used across all Councils.

A clerical error was identified in sections 4.6 and 4.7 where the table headings have been transposed between water supply and wastewater but that had no impact on the report's overall findings.

While in the report concern was expressed regarding inconsistencies in some of the material obtained, and while the Napier City Council is asserting that a different methodology should have been used when comparing the depreciated and replacement values for the roading assets, we have not identified anything that would change the conclusions recorded in the Executive Summary.

Even if the report used the approach suggested by the Napier City Council and excluded the formation and road berm asset values then, based on the data provided by Napier (which data have not been validated) the depreciable asset roading comparison would likely be of the order of: Napier 52.9%, Hastings 61.9%, Central Hawkes Bay 60.3%, and Wairoa 58.6%. These data do not change the conclusions previously stated.

Respectfully

A handwritten signature in blue ink, appearing to read 'A Maughan', with a long horizontal flourish extending to the right.

Andrew Maughan  
**Senior Consultant**  
**MWH New Zealand Limited**